



**EPA Public Hearing for the Proposed Rule  
Comments on 2020 RFS Supplemental RVO Proposal  
Ypsilanti, MI  
October 30, 2019**

Good morning. I'm Alex Gazmararian of the Policy Resolution Group, and I'm testifying on behalf of the Fueling American Jobs Coalition—a group of union workers, mom & pop gas station owners, small retailers, and independent American oil refiners advocating for commonsense fixes to the flawed Renewable Fuel Standard.

Today I will underscore three major points:

- EPA's supplemental proposal violates existing law and contradicts repeated direction from the courts regarding small refinery exemptions (SREs).
- It is based on a false premise that, when EPA obeys its statutory obligation to smaller refineries, it hurts ethanol demand.
- And it will have the unintended consequence of diminishing energy security and endangering industrial jobs from Pennsylvania to Texas to California.

EPA proposes to project the volumes associated with SREs for 2020 in order to reallocate them to non-exempt refineries, yet nothing in the RFS statute permits this. In fact, the statute requires EPA to adjust percentage standards *down* to account for renewable fuel used in the prior year by exempt small refineries. And EPA's proposal flies in the face of rulings from multiple federal courts requiring it to faithfully execute its obligation to grant SREs when there is "disproportionate economic hardship."

Forecasting future SREs is arbitrary and capricious, and EPA itself has acknowledged the "inherent uncertainty" in the prediction. While EPA claims it could fix any problems with its estimate later, it has long stated the RFS statute is "best interpreted to require issuance of a single annual standard in November." As EPA has recognized, "periodic

revisions to the standards to reflect waivers issued to small refineries” are inconsistent with the statute and would introduce harmful uncertainty.

EPA’s proposal is also unlawful because the RFS statute requires it to grant full—not partial—exemptions when it finds disproportionate economic hardship. Until just recently, EPA even agreed this was true. Now, in a total reversal, it suggests it may flout this directive by giving partial exemptions. Congress originally provided an “exemption” to all small refineries and later empowered EPA to extend waivers on a case-by-case basis. Partial exemptions are simply illegal.

The supplemental proposal is deeply flawed because it’s based on a false premise that SREs destroy ethanol demand. Independent analysis and empirical data alike prove these exemptions have had no impact on ethanol production even while keeping RFS compliance costs in check. In fact, blending in the first quarter of 2019 was higher than during the same period last year. It’s stunning that this fundamental fallacy has held sway for so long, and is still repeated—stridently and shamelessly—by agri-business interests that know better.

Without a course correction, the aggressive 2020 mandate will cause skyrocketing RFS compliance costs that threaten U.S. refinery jobs and potentially hike consumer energy prices. Despite biofuel blending ticking up, the proposed volumes amount to a *de facto* foreign biofuels mandate due to ongoing barriers to significantly greater ethanol blending and historically low domestic biodiesel production forecasts. The irony is rich: foreign fuel dependence is the very reason the U.S. got into the RFS game. Redistributing exempted volumes, or providing only partial SREs, would only heighten the burden of an already dangerous mandate.

We look forward to working with EPA on technical analysis, comments, and other participation in the rule-making process—and strongly urge EPA to reconsider reallocating SREs.

Thank you.